

Financing a College Education

Presented by:

Geneva College

Agenda

1. Why Apply?
2. How Do I Apply for Aid?
3. What Happens After I Apply?
4. How is Financial Need Determined?
5. What Types of Aid Are Available?
6. What Should I Know About Loans?
7. How Do I Know My Bottom Line Price?

1. Why Apply?

- You never know if you will qualify until you apply.
- At many colleges, you may be eligible for aid even with an income over \$100,000!
- There are student loans with fixed interest rates available to those who apply.

2. How Do I Apply for Aid?

- File the Free Application for Federal Student Aid (FAFSA) at www.fafsa.gov
- Apply as early as possible after January 1
- Can apply with estimated tax information
- Some colleges use the College Board Profile form

Filing the FAFSA Form

- Fastest – FAFSA on web signed with PIN
 - Parent and student request PIN at www.pin.ed.gov
 - Results in 3-4 days!
- Faster - FAFSA on Web with signature page printed and mailed
 - About 2 weeks
- Slow – paper form mailed to processor
 - Results in six to eight weeks



START HERE
GO FURTHER
FEDERAL STUDENT AID

IRS Data Retrieval

- Electronically transfer your tax information to the FAFSA application!
 - Available within 1-2 weeks of electronic tax filing
 - Available within 1-2 weeks of paper tax filing



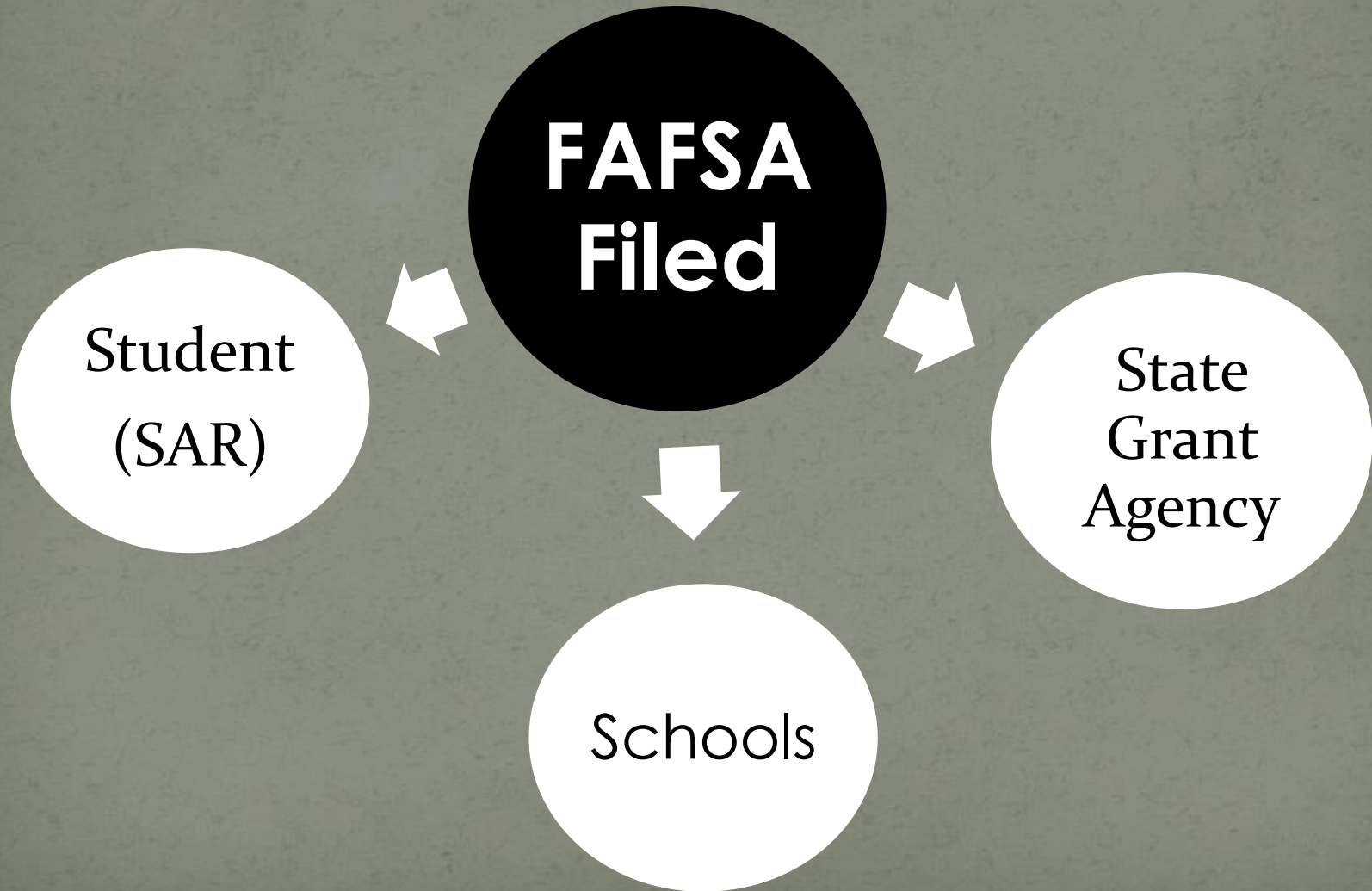
Special Filing Situations

- Divorced, Separated or Widowed
 - Use income and assets of parent that the student lives with
 - Use custodial parent's share of income if a joint tax return was filed in previous year
- Contact school financial aid office if:
 - Loss of job
 - Death of a wage earner
 - High medical expenses

Common Mistakes

- Leaving fields blank
- Using commas or decimal points
- Listing an incorrect social security number
- Failing to use your legal name
- Submitting the wrong federal income tax paid
- Listing adjusted gross income and total income from work as the same
- Listing parent marital status incorrectly
- Failure to register with the selective service

3. What Happens After I Apply?



Verification

- Over 30% of families selected by federal government
- Signed copy of U.S. tax return and W-2's requested
- Verification worksheet
- Some colleges verify everyone
- Selected on statistical probability of error, not suspicion of cheating

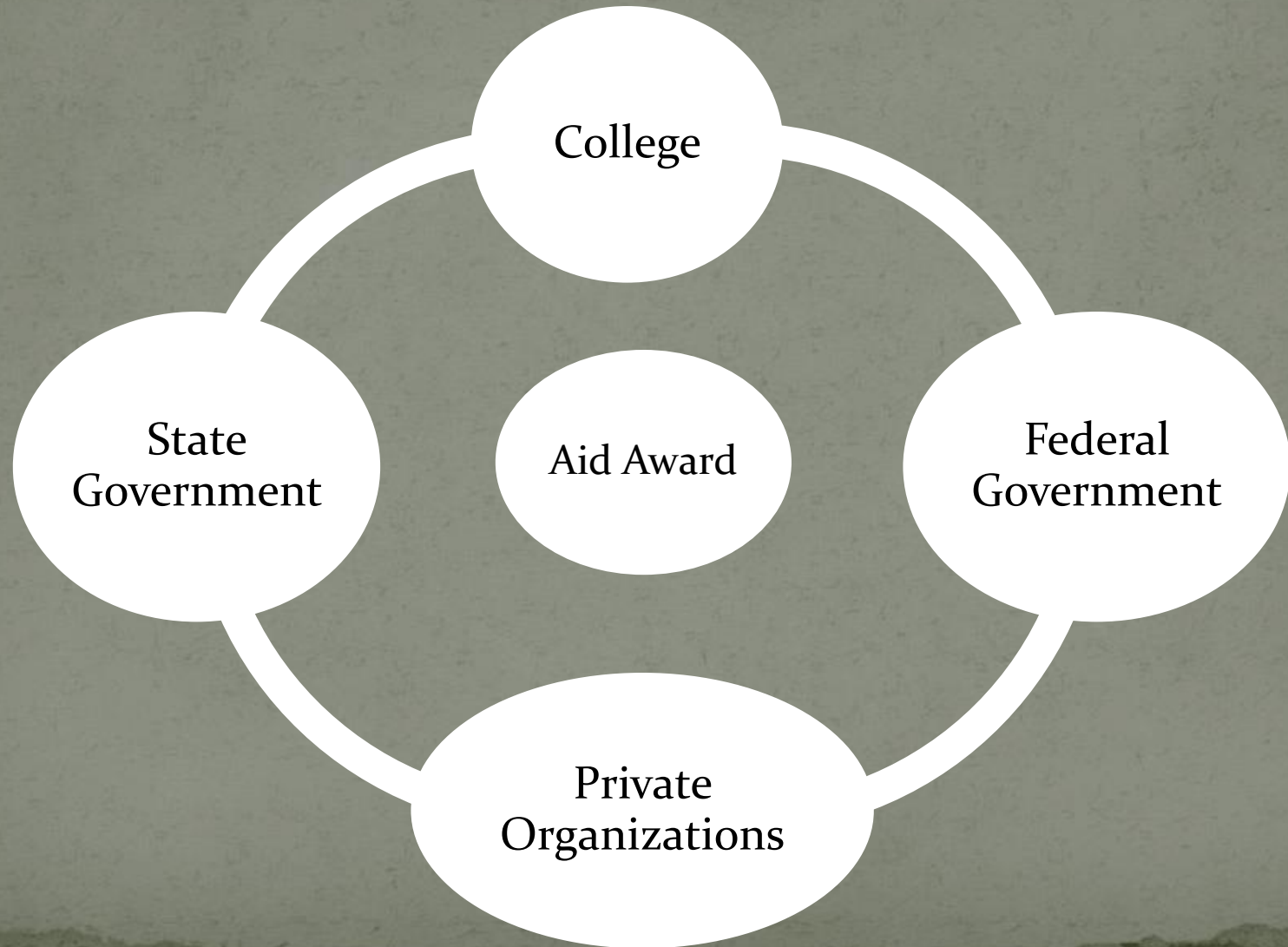
4. How Is Financial Aid Eligibility Determined?

- Schools determine Merit-Based & Institutional Aid
- FAFSA results help determine Need-Based Financial Aid
- How is financial need calculated?
 - Cost of attendance (tuition, fees, books, room and board, travel, etc.)
 - Less the Expected Family Contribution (EFC)
 - Equals financial need

5. What Types of Financial Aid Are Available?

- Grants & Scholarships: not repaid
- Loans: money that you borrow and must repay, often with interest
- Work-study: money that you earn

Sources of Financial Aid



Federal Aid Programs - Grants

Pell Grant	\$400 to \$5,550
SEOG Grant	\$200 to \$4000

2011-12 amounts

Federal Aid Programs - Loan/Work

Perkins Loan (5% fixed)	\$100 to \$5,500
Direct Loan <ul style="list-style-type: none">•Subsidized (6.8% fixed)•Unsubsidized (6.8% fixed)	\$5,500 for Freshmen
College Work Study	Can earn about \$2,000/year
Direct Parent PLUS Loan (7.9% fixed)	Up to cost of education

State Aid Programs

- PHEAA Grant (2011-12)
 - File FAFSA no later than May 1
 - Be sure to do the state grant form (linked to FAFSA)
 - Eligible income range up to \$70,000+
 - Maximum grant \$4,348 in state
 - Grant is \$600 out of state
- Grants from these states can be used in Pennsylvania
 - OH, WV, MA, VT, ME

Private Organizations

“Outside Scholarships”

- Guidance offices have information about local scholarships
- Churches, civic organizations, foundations, and employers may have programs
- Internet Searches: www.finaid.org, www.collegeboard.com, www.fastweb.com
- Duff Scholarship (apply mid Jan – mid March)
 - <http://sms.scholarshipamerica.org/duff/>

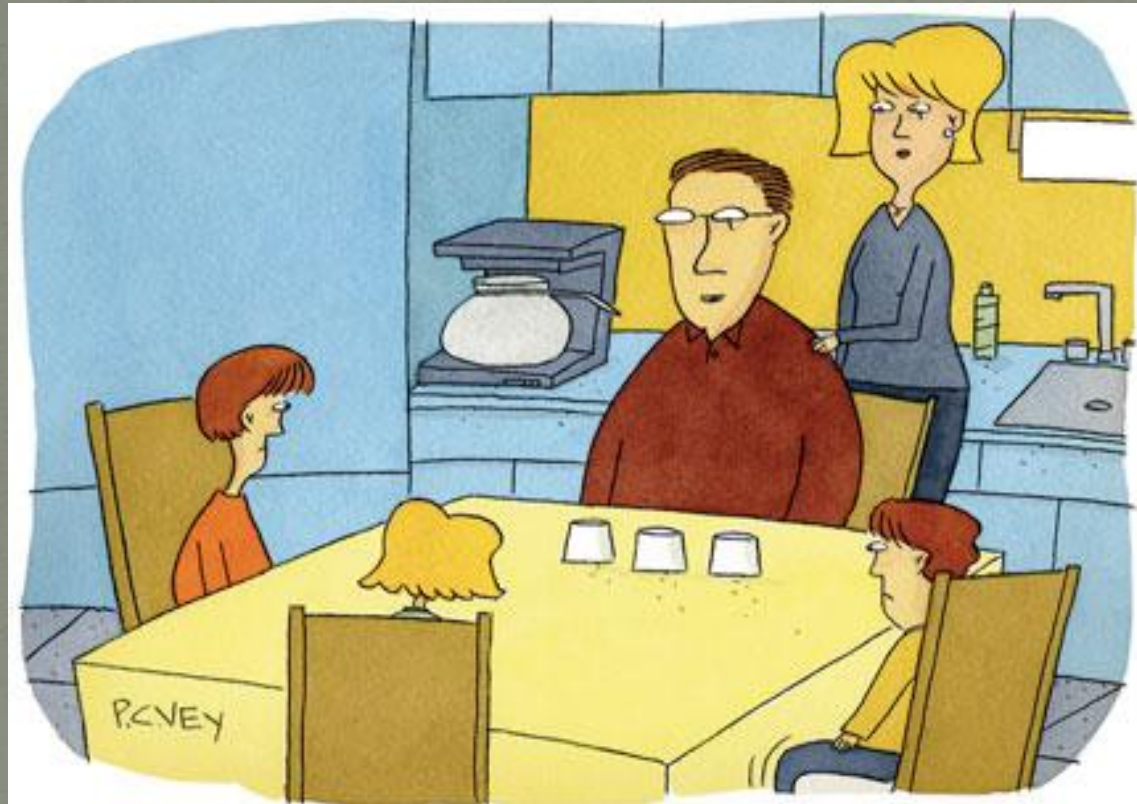
Scholarship Scams: Watch Out for These!

- Unsolicited invitation in the mail
 - Free seminar leads to a sales pitch
- Scholarship guaranteed
- Charge a fee
- Need credit card or bank account number
- Don't have a valid address, phone and email
 - P.O. box number only is warning sign!

Other Financing Options

- School Payment Plan
- 529 Educational Savings Plans
- Home Equity Loans
- Private Educational Loans from Banks
 - Variable or fixed rate loan in student's name with creditworthy cosigner

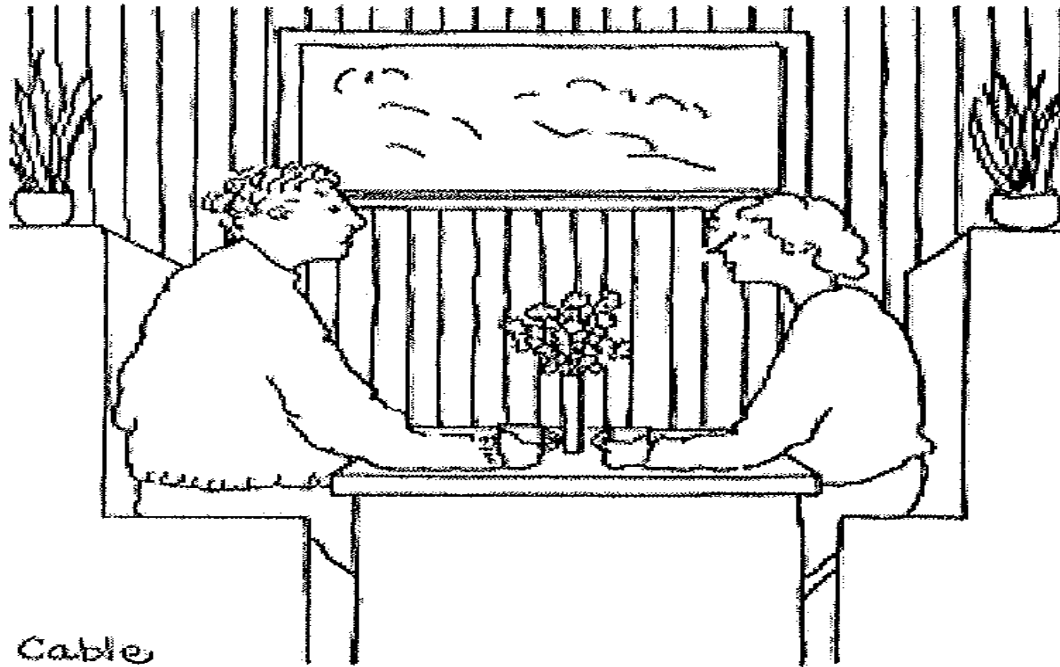
One Other Option



"Whoever guesses which cup the college tuition is under, gets it."

6. What Should I Know About Loans?

- Know the rates and terms of your loan
- Estimate the amount you will need to borrow over four years
 - Know your monthly payments.
 - Consider paying interest while in school
- Can parent(s) afford to borrow? Retirement?
- How sure are you of your intended major?
 - What is a common starting salary?
- How will borrowing affect decisions about:
 - Marriage, family, career, where you will live



Cable

**“It’s not you, John.
It’s the 662 payments remaining
on your student loans.”**

7. How Do I Know My Bottom Line Price?

- Find out the tuition, fees, room and board costs of each school
- Subtract financial aid listed on award letter from each school
- Calculate this bottom line price before you compare!

Other Helpful Resources

- **www.finaid.org**: *Financial Aid Advisor Tool* will help you estimate average salary and if you're borrowing too much
- **www.salliemae.com \plan**: *Education Investment Planner* will help you estimate your total educational costs and forecast estimated repayment
- **www.youcandealwithit.com**: *Calculators section* will help you plan for loan repayment and see how beneficial it is to pay on loans while in school

Summary

- Be sure to apply before deadlines!
- File at www.fafsa.gov
- Watch for your award letter from each school.
- Be sure you understand what type of aid you are being offered and if it is renewable.
- Understand what you are borrowing!
- Calculate the bottom line price before you compare!

Questions?
